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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

15 December 1952

STAFF MEMORANDUM NO. 297

SUBJECT: Outlook for Current Meeting of North Atlantic Council

1. The current meeting of the North Atlantic Council (NAC) was originally scheduled to approve the 1952 Annual Review and to come up with firm force goals for 1953, tentative goals for 1954, and planning goals for 1955. However, it has proved impossible to reach agreement on these force goals. Consequently, the NAC meeting will be chiefly concerned with examining the current status of NATO forces and taking steps to permit completion of the Annual Review in time for a second NAC meeting, probably in the spring of 1953.

2. The major obstacle preventing completion of the NATO Annual Review by December has been the failure of several key NATO members, especially the UK and France, to complete their submissions on time, to answer fully the questions involved, and to allow their submissions to be subjected to critical screening. They have been reluctant to lay their cards on the table primarily because they felt unable as yet to get any commitments on behalf of the new US administration, notably on the level of US aid in FY 1954.

3. In their annual review submissions, the important Western European countries indicated their inability, within their own resources, to increase their 1953 defense outlays much beyond levels attained in 1952. Actual European NATO outlays for calendar year 1953 will probably be higher than in 1952, but by no means as high as proposed at Lisbon. US NATO representatives agree that the defense efforts of most European NATO countries are approaching the maximum of their politico-economic capabilities. They believe, therefore, that the emphasis in the current annual review must be placed on improving the quality of the European forces within existing financial limits.

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4. However, the European NATO members, while insisting that they cannot increase their own rearmament outlays, have submitted unrealistic force programs designed to meet their full Lisbon force commitments at full NATO standards of readiness. They have even gone further and included in their programs the cost of meeting their full ammunition and other reserve requirements for 1953-1955. Thus, there is a huge gap between the proposed European force build-up for 1953 and the European resources available to finance this build-up. The European countries, particularly France, apparently hope that the US will fill this gap.

5. The central problem of the current annual review is that of scaling down these unrealistic programs. This task has been delayed by lack of agreement on reasonable operational reserve levels and standards of combat readiness. The US believes, for example, that the present NATO standards of readiness are too high and inflexible and should be tailored to the needs of each of the NATO countries. Furthermore, there is no agreement regarding longer term force goals which, in the case of such long-term lead items as aircraft, have a direct bearing on 1953 costs. The problem of establishing firm goals for 1953 is also tied up with the question of whether NATO should prepare against general war in the near future or for prolonged cold war. Despite general NATO agreement on Soviet intentions, the European NATO members tend to discount the danger of general war, at least in the near future. Finally, several NATO countries, including the UK, believe that lower force goals are feasible because of the probable impact of new weapons. Estimates of the effectiveness of new weapons are under preparation, but are unlikely to be completed until mid-1953.

6. Probable Results of the NAC Meeting. Despite the lack of progress on the 1952 Annual Review, it is hoped that the NAC Ministers' meeting can provide the NATO Secretariat with sufficient impetus to enable completion of the 1952 Annual Review by March 1953. To this end, the Ministers will probably recommend that:

- a. Interim ground-force standards of readiness for 1953 be drawn up which may vary by country and areas;
- b. A decision be made on unit and equipment priorities, particularly as between strengthening forces now in existence and building up new forces;

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- c. A more realistic level of operational reserves be adopted, with emphasis on providing ammunition reserves "as close as possible to 30 days"; and
- d. A small high-level screening staff be set up, on a permanent basis, to develop procedures for realistic programming and costing. (This recommendation falls short of a TCC-type examination in that it recognizes that screening is primarily the responsibility of the individual country involved.)

7. Completion of the 1952 Annual Review (including firm force goals for 1953 and tentative goals for 1954) will hinge primarily on decisions which will have to be made by the new US administration with respect to Europe as a whole. In the meantime, the NATO rearmament effort will continue at a somewhat slower rate than previously anticipated, with emphasis on filling gaps in the forces which are already in being.

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- 3 -

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